

Economic Recovery and Market Systems Sector Update

OCTOBER 2015

SECTOR OVERVIEW

Natural disasters and conflicts adversely affect local economies by destroying homes and businesses, damaging assets, and disrupting transportation and markets. The third pillar within the mandate of USAID's Office of U.S. Foreign Disaster Assistance (USAID/OFDA) is to reduce the economic impact of disasters. To help communities resume economic activity and rebuild livelihoods, USAID/OFDA supports economic recovery and market systems (ERMS) activities in disaster-affected communities, as well as ERMS interventions that build people's capacity to prepare for and respond to disasters.

ERMS interventions strengthen key market systems and help populations restore livelihoods and purchasing power at the household, local, and regional levels. USAID/OFDA-supported economic recovery programs complement individual and community efforts to recover from a disaster and prevent reliance on continued humanitarian aid. In Fiscal Year (FY) 2015, USAID/OFDA provided nearly \$37.7 million to support economic recovery activities in 22 countries throughout Africa, Asia, the Middle East, and Latin America and the Caribbean, as well as worldwide and regional interventions.

MITIGATING THE EFFECTS OF DISASTERS THROUGH MARKET INTERVENTIONS

Countries in Latin America and the Caribbean are vulnerable to a range of natural hazards, including earthquakes, hurricanes, floods, volcanoes, and drought. As families that lack savings or reliable income sources are particularly vulnerable to such events, USAID/OFDA supports a number of activities that build economic resilience and strengthen communities' capacity to prepare for and respond to disasters.



USAID/OFDA supports preparedness activities, such as establishing emergency signage in a Peruvian market. (Courtesy of *Save the Children*).

In FY 2015, USAID/OFDA supported partner GOAL to provide vocational training for owners of micro-enterprises and coordinate with vendor associations to enhance disaster preparedness and emergency planning in street markets in Honduras. In Guatemala, USAID/OFDA partner CARE facilitated the development of village savings and loan associations (VSLAs) in agrarian communities. VSLAs serve as a safety network to support people who lack access to more formal banking institutions by allowing them to quickly borrow emergency funds, thereby helping them recover from individual shocks as well as disasters. With USAID/OFDA assistance, HelpAge International worked with subsistence farmers in Jamaica to raise awareness of strategies, such as micro-insurance options, that can mitigate the effects of extreme weather events on livelihoods.

USAID/OFDA provided more than \$503,400 in FY 2015 for activities that built disaster response capacity by bolstering economic resilience among vulnerable communities in Latin America and the Caribbean. In addition, through prior year funding, USAID/OFDA continued to support a range of ERMS activities focused on disaster risk reduction in the region.

SUPPORTING MARKETS AND LIVELIHOODS IN UKRAINE

Since March 2014, conflict between the Government of Ukraine military and separatists has escalated in eastern Ukraine, causing large-scale population displacement. By July 2015, the UN estimated that 5 million people required humanitarian assistance, including 1.4 million internally displaced persons (IDPs).

One of USAID/OFDA's strategic approaches in Ukraine is to help revitalize the economy and support vulnerable, conflict-affected populations, including IDPs, to recover their livelihoods. USAID/OFDA partners provided cash transfers—varying in amount from \$250 to \$1,000 each—to IDPs to restart small businesses. Cash grants enable individuals to purchase or repair equipment, rehabilitate business space, and meet other operational costs. This assistance gives conflict-affected people a means of supporting themselves and their families. It also benefits the larger community by supporting the resumption of small businesses that provide important services and generate employment opportunities for additional individuals. To complement the financial assistance provided, USAID/OFDA partners in Ukraine also supported business plan design training, job counseling, and temporary employment opportunities for IDPs. In FY 2015, USAID/OFDA provided nearly \$2.8 million for ERMS activities in Ukraine.

In addition, USAID/OFDA supported seven partners to provide cash assistance to conflict-affected Ukrainians to provide for their basic needs. This allowed displaced families to buy winter clothes and blankets, pay for heating during the winter, and pay rent, among other needs.

GLOBAL ERMS PROGRAMMING

In addition to country and regional programming to facilitate recovery and reduce risk from disasters, USAID/OFDA funds global initiatives to strengthen ERMS capacity and knowledge throughout the humanitarian community. Programs include:

- **CaLP:** Supported by USAID/OFDA through Action Against Hunger/USA, the Cash Learning Partnership (CaLP) provides advanced training, conducts research, maps cash programs, and supports coordination related to the emerging field of cash-based programming. In FY 2015, USAID/OFDA continued to support CaLP to implement humanitarian cash programming capacity building, learning, and technical coordination activities in countries in East Asia and Africa. More information is available at: www.cashlearning.org.
- **Adeso:** An Africa-focused project with Adeso, supported with prior year USAID/OFDA funding, complemented CaLP's work in FY 2015 by providing training-of-trainers on cash and voucher programming, specifically targeted at local relief agencies in countries with large emergency responses. For more information, see: <http://adesoafrika.org/how-we-work/cash-training-courses/>.
- **SEEP:** The Minimum Economic Recovery Standards, a companion to the Sphere handbook on humanitarian response, received prior year USAID/OFDA support through the Small Enterprise Education and Promotion (SEEP) Network. In FY 2015, SEEP continued to provide training on the Standards and helped implementing agencies roll out the Standards in the field. More information on the Standards is available at: <http://www.seepnetwork.org/minimum-economic-recovery-standards-resources-174.php>.
- **EMMA, PCMMA, and Markets in Crises:** Through the International Rescue Committee (IRC), USAID/OFDA supports the Emergency Market Mapping and Analysis (EMMA) methodology and the related Pre-Crisis Market Mapping and Analysis (PCMMA) guide. In FY 2015, IRC continued to promote market-sensitive crisis response and preparedness through the execution of several PCMMA analyses, technical assistance to agencies conducting EMMA assessments, publications, and support to a growing community of practice. In addition, IRC is developing an interactive, online learning program that provides guidance on market analysis in different contexts, including pre-crisis analysis that can inform preparedness and contingency planning. More information on EMMA is available at: <http://emma-toolkit.org/>.